

**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

DOCKET NO. E-7, Sub 1289  
DOCKET NO. E-2, Sub 1314

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of		
Petition of Duke Energy Progress, LLC, and	)	<b>INITIAL COMMENTS OF</b>
Duke Energy Carolinas, LLC, Requesting	)	<b>CLEAN ENERGY</b>
Approval of Green Source Advantage Choice	)	<b>BUYERS ASSOCIATION</b>
Program and Rider GSAC	)	

NOW COMES the Clean Energy Buyers Association (“CEBA”), formerly known as the Renewable Energy Buyers Alliance, pursuant to the Commission’s *Order Requesting Comments* entered on February 9, 2023, and subsequent Order entered on March 28, 2023, and respectfully submits the following Initial Comments on the *Joint Petition for Approval of Green Source Advantage Choice Program* (“GSAC”) (“Joint Petition”, “Petition”, or “tariffs” used interchangeably throughout) filed by Duke Energy Progress, LLC (“DEP”) and Duke Energy Carolinas, LLC (“DEC”; collectively with DEP, “Duke” or the “Companies”) filed in the above referenced dockets.

## I. INTRODUCTION

CEBA appreciates and thanks the North Carolina Utilities Commission (“the Commission”) for this opportunity to comment on Duke’s Petition and appreciates Duke’s filing of this Petition pursuant to Section 5 of Session Law 2021-165 (“HB 951”). Specifically, CEBA notes that this Petition represents more optionality for its members than the current Green Source Program (“GSA”) and thanks Duke for working to expand

their offerings. CEBA's goal is to see the most robust clean energy customer program implemented in Duke-served North Carolina as CEBA believes that is in the best interest of the Companies, participating customers, and the public interest. CEBA focuses its Initial Comments on incremental but meaningful improvements that could allow for more customers to make use of the program.

CEBA is a business association representing a diverse membership of more than 390 members<sup>1</sup> across sectors, including some of the largest buyers of renewable energy that conduct business operations within North Carolina and the Southeast region. CEBA's membership is comprised of 89 Fortune 500 companies, \$7 trillion in revenue and employs 17 million domestic employees. CEBA's members account for over 90% of the 65 GWs of utility-scale wind and solar capacity voluntarily transacted by large energy customers since 2014, which is equivalent to roughly 40% of all wind, solar and battery capacity deployed in that time.<sup>2</sup> CEBA's members and other corporate and industrial energy customers are projected to drive demand for an additional 85 GW by 2030.<sup>3</sup>

CEBA's members have ambitious clean energy goals, and many of these members now consider, if not emphasize, potential market access to the development of expanded and directly accessible renewable electric power generation when determining which state within the region to locate new facilities and to use their private capital to support new clean energy projects. This includes a continued and growing interest in utility-offered

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<sup>1</sup> See representative members of Clean Energy Buyers Association at <https://cebuyers.org/about/ceba-members/>.

<sup>2</sup> "CEBA Deal Tracker," 2023. <https://cebuyers.org/deal-tracker/>; Clean Energy Buyers Association.

<sup>3</sup> Wood Mackenzie. "Analysis of Commercial and Industrial Wind Energy Demand in the United States," 2019. <https://www.woodmac.com/our-expertise/focus/Power--Renewables/corporates-usher-in-new-wave-of-u.s.-wind-and-solar-growth/>.

green tariff programs. As of January 2023, CEBA has tracked 50 approved or pending green tariff programs across 40 utilities in 28 states and has found that approximately 30% of these programs are fully subscribed. In 2022, CEBA members contracted for 996 MW of clean energy through utility green tariff programs in the United States.<sup>4</sup> A program that achieves robust commercial subscription will result in the state attracting corporate investment to drive new project development while also allowing existing corporate buyers the opportunity to continue or grow operations through programs that offer stable energy supply costs and a hedge against fuel price volatility for participating customers while not shifting costs onto non-subscribing customers.

## II. COMMENTS

### **A. The NCUC Should Modify The Application To Require Duke To Amend The Tariffs To Permit Project Location For The Available Renewable Energy Resources, GSA Facility, Optional Energy Storage, And Other Clean Energy Technology Projects To Be Located Anywhere On Duke's Electric Grid Rather Than The Limitation That These Projects Located In DEP Electric Grid Are Only Permitted To Serve DEP Located Customers And These Projects Located In DEC Electric Grid May Only Be Available To Supply DEC Located Customers.**

The Application contains Appendices B and C to Rider GSAC<sup>5</sup> which provides GSA Choice customers with an option to partner with Duke “on a grid scale battery facility or other clean energy technology located anywhere within” the electric grid, DEC or DEP, in which the customer is also located. The application also contains problematic tariff language on the treatment of GSAC “Available Renewable Energy Resources” as Appendices B and C to Rider GSAC both provide that the “Available Renewable Energy Resources and GSA Facility must be...located in the Company's (DEP or DEC) service

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<sup>4</sup> CEBA Deal Tracker, 2023.

<sup>5</sup> Rider GSAC and Rider GSAC-1 are applicable to DEC Customers and DEP Customers, respectively, and for convenience CEBA uses GSAC to mean GSAC and GSAC-1 throughout CEBA's Initial Comments.

territory in either North Carolina or South Carolina with supply that will be used to serve all customers.” The benefits of bringing on GSAC projects should not be limited by geographic limitations; Duke intends to merge DEP and DEC<sup>6</sup>, and DEP and DEC already routinely transact electric sales to each other’s electric grid upon approval by this Commission.<sup>7</sup> GSAC should promote economic efficiencies that can be achieved by removing these limitations as they are not necessary, routinely waived, and likely to be moot according to the stated intent by the Companies to merge the Balancing Authorities.

**B. The Companies Should Run An Avoided Cost Commensurate With The Term Of The Contract Entered Into Between The Customer And The Companies Rather Than Capping The Avoided Cost Credit At A 10-Year Avoided Cost For Contracts 10-Years Or Longer.**

In order to achieve a workable program that capitalizes on projected supply chain ease, Inflation Reduction Act (“IRA”) implementation to the benefit of customers, and advances in the market for technology, The Commission should modify the Application so that PPAs for 10 and 20 years at the administratively determined avoided cost price should be commensurate with an avoided cost price that matches that term rather than capped at a 10-year avoided cost credit. The use of an avoided cost rate calculated for the term of years to match the term of the agreement with the developer and with the participating customer will allow for more transparency and certainty for prospective project developers, which mitigates lending risk. In practice, this has shown an increased ability for independent power developers to attract capital at a lower cost, increase the number of projects that can

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<sup>6</sup> [Duke Energy aims to merge its Carolinas utilities by 2027 - Charlotte Business Journal \(bizjournals.com\)](https://www.bizjournals.com/charlotte/news/2023/04/17/duke-energy-aims-to-merge-its-carolinas-utilities-by-2027/) (Last accessed April 17, 2023.)

<sup>7</sup> In the NCUC’s Order issued in Docket No. E-2, Sub 998, and Docket No. E-7, Sub 986, the NCUC imposed Regulatory Conditions 3.1(a) and (c), 3.10(c) and (e), and 5.4 which require, but allow for, Commission approval of affiliate transactions between DEC and DEP.

partner with customers and Duke under GSAC, and help to ensure that the portion of projects that are non-Duke owned (45%) as provided under HB 951 are as likely to achieve commercial operation as those projects that Duke owns. This incremental change will not only ensure that the full costs of the program are borne by participating customers but will also help potential participating customers better evaluate the benefits of the program over the total term of their contract. This transparency and certainty will benefit all energy customers as the increase in the volume of megawatts brought to GSAC by independent power developers will allow the market to competitively drive down the cost of energy supplied from the projects.

**C. The Commission Should Modify The Application To Prohibit The Companies From Duplicative Counting of Emissions Credits From The Program As Such Is Not Required By HB 951 And Also That All Costs Paid By Participating Customers To Participate In GSAC Be Accounted For So That Any Windfall Is Returned To All Customers.**

HB 951 requires, with certain exceptions, that the fleet emissions for the Companies in North Carolina be reduced by 2030 to 70% the level the Companies emitted in the state in 2005. While the Companies may purchase credits to meet this goal, it is a *permissive* means to achieving that goal. There is no mandate that emission reduction credits come from HB 951 new resources and, more specifically, no such requirement that the GSA or GSAC credits be used both to offset the requirements on the Companies while also satisfying the demand of transparent accounting that energy buyers require. Furthermore, counting the same energy attribute certificate for both purposes would restrict the customers that would subscribe to this program because they would be unable to count this clean energy towards their clean energy goals.

The duplicative counting of the attributes from the GSAC resources by Duke is not consistent with the legislative intent of HB 951 which is to decarbonize the emissions produced by assets of the Companies in North Carolina. The customer program requirement contained in HB 951 was intentionally designed to create an incremental and expedited decarbonization impact through voluntary participation by customers who choose to pay to subscribe to the program. Allowing for duplicative counting undermines that choice for customers to pay to participate in a program that purports to accelerate the decarbonization effort by their participation but, in reality, amounts to little more than a certificate should those resources also be claimed by the company as emissions reducing attributes and not additive projects.

**D. CEBA Notes For the Record The Companies' Commitment To Work With Interested Stakeholders To Establish An Hourly Accounting And Reporting Program For Clean Energy Environmental Attributes And Asks This Commission To Include In Its Order Certain Foundational Guidelines For That Stakeholder Process.**

CEBA seeks to highlight the portion of the Companies' Petition where Duke makes an explicit commitment to stakeholder engagement in developing an hourly accounting and reporting system for Clean Energy Environmental Attributes ("CEEAs").<sup>8</sup> The data accounting and reporting contemplated by the Companies will provide a critical foundation for cost effective and efficient compliance with HB 951. CEBA believes that such accounting is an important threshold issue as to whether some clean energy buyers participate in the GSAC Program and getting a tracking and reporting system that is foundationally sound is best achieved through a formal stakeholder process with a report on the program development to the Commission no later than 90 days from the

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<sup>8</sup> Petition at 12.

Commission's approval of the tariffs. There are active groups and standards today that reflect standardization needs for carbon accounting on an hourly and locational granular basis across regions and geographies, such as EnergyTag<sup>9</sup>, Linux Foundation<sup>10</sup> and Green Button<sup>11</sup> which would allow for efficiencies and lessons learned from past demonstrations and reduce the costs associated with building a system from scratch. CEBA reserves the right to proffer more foundational comments and recommendations of such program design, if appropriate, in its Reply Comments.

### III. CONCLUSION

In conclusion, CEBA believes that the GSAC Application is reasonable with the above modifications and is optimistic the program will lead to robust participation. The forgoing comments reflect CEBA views about how to improve the GSAC Program and optional components so that more commercial and industrial customers will be able to evaluate if GSAC is a mechanism that can work for each of them as customers to meet their corporate goals.

CEBA appreciates the Companies work thus far on GSAC and the Commissions allowance for CEBA to provide these requests for modification in its Initial Comments. CEBA looks forward to offering responsive comments in this docket as warranted with the goal of achieving a successful clean energy customer program for as many of the Companies' customers as possible within the confines of their individual goals and the requirements of HB 951.

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<sup>9</sup> <https://energytag.org/>.

<sup>10</sup> <https://www.lfenergy.org/projects/carbon-data-specification-cds/>.

<sup>11</sup> <https://greenbuttondata.org/>.

Respectfully submitted this 25<sup>th</sup> day of April, 2023.

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**CERTIFICATE OF SERVICE**

I hereby certify that a copy of the foregoing Initial Comments of Clean Energy Buyers Association filed in Docket Nos. E-7 Sub 1289 and E-2 Sub 1314 was served electronically or via U.S. mail, first-class postage prepaid, upon all parties of record.

This the 25th day of April, 2023.

/s/ Joseph W. Eason  
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